GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1473
ANSWERED ON:16.07.2004
WHITE PAPER ON FINANCES OF STATES
Virendra Kumar Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Governments has a proposal to present a White Paper on the Finances of various States;

(b) if so, the steps taken in that regard; and

(c) the measures adopted to enforce fiscal discipline in every State?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S.PALANIMANICKAM)

(a) No, Sir.

(b) Does not arise.

(c) Fiscal discipline of the States is primarily the responsibility of the State Governments, for which they are accountable to their respective legislatures. Government of India has fixed borrowing caps in consultation with states to help states control excessive indebtedness. Additionally, a scheme for the State's Fiscal Reforms Facility (2000-01 to 2004-05) has been drawn up to encourage States to draw Medium Term Fiscal Reforms Programme (MTFRP) aimed at improving their financial position in the medium term. The scheme seeks to provide financial incentives to states for effecting reduction in their revenue deficits. Similarly, Accelerated Power Development and Reforms Programme provide financial incentive equal to 50% of actual loss reduction by States' electricity utilities.